

Below is my testimony on SB 461, on the PD agenda for Friday morning:

The bill, as drafted, prohibits the assignment of any lien under \$2500 with a stated purpose of reducing the amount of foreclosures.

In general, in municipalities that assign tax liens, the balances that are due reflect multiple years of taxes, and are generally over \$2500 in any event, but to restrict the municipality's ability to assign a lien based on the amount of the lien can have an unintended negative impact on the municipality's lien sale. For example: in Bridgeport, many properties have two parcels, any assignee of a lien is not going to purchase a lien on a condo if the city can't also assign them the lien on the parking space, which may be a separate \$100 lien. Side lots should not be disassembled from main lots, just as parking lots should not be disassembled from the main building just because the amount of taxes due on it is under \$2500.

Many municipalities (Cheshire, West Haven, Milford, and South Windsor to name a few) assign sewer liens with their tax liens. The sewer lien that complements a \$7000 tax lien may only be \$400. If the taxing authority were restricted from assigning their sewer lien along with their tax lien because of its amount, they would be putting the collectability and enforceability of the sewer lien in jeopardy, as the real estate tax lien has a legal statutory priority of the sewer lien. Also, many blighted properties in large cities have tax liens under \$2500 that the City may proactively want an assignee to enforce through foreclosure for the purposes of cleaning up the property and the neighborhood.

This bill would not achieve its stated goal of reducing foreclosures, but would really force enforcement proceedings onto the municipality and municipal budgets. Tax lien assignees, in general, do not purchase tax liens for the purpose of commencing foreclosure actions and generally offer longer payment plan terms with taxpayers than can be offered by the municipality. This bill would not reduce foreclosures, it would actually force municipalities to be more aggressive with their in-house collection activity.

The greatest impact the legislature can have on reducing foreclosures from local taxes is to continue to support programs such as the senior and veterans tax credits and continuing to fund municipalities to allow for a lower property tax burden on property owners.

Walter M Spader, Jr  
Attorney  
15 Leighton Court  
North Haven Ct 06473  
203-481-3330

Submitted personal as a Connecticut attorney representing municipalities and tax lien assignees and approved to be sent on behalf of the National Tax Lien Association, for which I serve on its Legislative Committee and am it's former Secretary of the Board of Directors